

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 OMB-01 /057 W

-----260654Z 105819 /15

R 251653Z MAR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6832

INFO AMCONSUL FRANKFURT

AMEMBASSY VIENNA

AMEMBASSY STOCKHOLM

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY TOKYO

AMEMBASSY SEOUL

C O N F I D E N T I A L BONN 05326

E.O. 11652: GDS

TAGS: EEWT, EFIN, UK, GW

SUBJECT: PARIS CLUB MEETING ON NORTH KOREAN DEBT

REF: BONN 3963

1. AS INDICATED REFTTEL, PARIS CLUB MET MARCH 10 TO CONSIDER NORTH KOREAN SITUATION. GERMAN REP (GEHRING, ECONMIN) SAID THAT FRG WAS AGAIN ISOLATED, WITH ALL OTHER REPRESENTATIVES FAVORING A FURTHER SOFTENING OF TERMS FOR THE NORTH KOREANS. WITH THE EXCEPTION OF JAPAN, ALL COUNTRIES THAT ATTENDED THE INITIAL MEETING ON FEBRUARY 27, 1976 WERE PRESENT. UNDER NEW PARIS CLUB CHAIRMAN, THE ATMOSPHERE WAS MORE PLEASANT AND AGREEABLE THAN IN THE PAST AND THE FRG WAS HIGHLY  
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RESPECTED FOR ITS VIEWS. WHILE ALL DELEGATES FELT THAT THE GERMAN POSITION WAS THE "CORRECT" ONE, ALL COUNTRIES SEEMED ANXIOUS TO SOFTEN TERMS SO THAT A PORTION OF DEBTS COULD BE REPAYED.

2. CLUB MEMBERS WERE FACED WITH A FAIT ACCOMPLI SINCE BELGIUM AND THE NETHERLANDS RECENTLY AGREED TO MORE

ADVANTAGEOUS REPAYMENT TERMS THAN THE 1976 PARIS CLUB AGREEMENT. MEMBERS OF THE CLUB DECIDED TO ACCEPT THE BELGIUM/DUTCH TERMS AS THE BASIS FOR BILATERAL RESCHEDULING AGREEMENTS. SINCE THE TERMS OF THE JAPANESE AGREEMENT IN DECEMBER 1976 REMAIN TOP SECRET, THE CLUB MAY MEET AGAIN IF JAPANESE TERMS, WHICH ARE EXPECTED TO BE PUBLISHED IN THE NEXT MONTH OR TWO, ARE MORE FAVORABLE THAN THE BELGIUM/DUTCH AGREEMENT.

3. BELGIUM/DUTCH ARRANGEMENT CALLS FOR 2 1/2 YEAR POSTPONEMENT OF 1975/1976 DEBTS WITH THE POSSIBILITY OF THE SAME ARRANGEMENT FOR 1977/1978 DEBTS. OUR SOURCE BELIEVES THAT THE INTEREST RATE IS 7 PERCENT. PREVIOUS PARIS CLUB AGREEMENT HAD PROVIDED FOR TWO-YEAR POSTPONEMENT. FRENCH PARIS CLUB REP HAD OBTAINED SOME INFORMATION ON JAPANESE AGREEMENT, WHICH APPARENTLY EXTENDS THE PROLONGATION OF 1975/1976 NORTH KOREAN DEBTS TO THREE YEARS. 1977/1978 AND PERHAPS 1979 DEBTS WOULD RECEIVE A 2 1/2 YEAR EXTENSION. NO INFORMATION ON INTEREST RATE WAS AVAILABLE, BUT DELEGATES WERE HOPEFUL THAT THE RATE WOULD NOT GO BELOW THE 7 PERCENT PARIS CLUB GUIDELINE.

4. GERMAN REP AT PARIS CLUB MEETING EXPRESSED REGRET OVER CONTINUED SOFTENING OF TERMS FOR NORTH KOREA. HE BELIEVES THAT NORTH KOREA HAS NOW GOTTEN WHAT IT WANTS WITHOUT HAVING TO BEAR THE BURDEN OF MULTILATERAL RESCHEDULING OBLIGATIONS. HE BELIEVES THAT THE ACTION OF OTHER CLUB MEMBERS IS PARTICULARLY SHORT-CONFIDENTIAL

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SIGHTED AND COUNTER-PRODUCTIVE IN THE LONG-RUN. U.S. ABSENCE FROM PARIS CLUB MEETING WAS NOT A TOPIC, ALTHOUGH GERMAN REP CONTINUES TO BELIEVE THAT U.S. PRESENCE WOULD BE ADVANTAGEOUS TO BOTH OUR OWN AND FRG INTERESTS. STOESEL

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## Message Attributes

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**Review Markings:**  
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